



France Taxation - The Essentials

2022

Social security contributions

Generalised social contribution (C.S.G.) ²	9.20%
Social debt repayment contribution (C.R.D.S.)	0.50%
Solidarity levy	7.5%
Total	17.20%

Taxation of the income from movable properties

Since 1 January 2018, the income from movable properties realised from 1 January 2018 is taxable at the Flat tax "PFU" (30%) or upon option at the progressive sliding scale income tax rates.

	Dividends and interest		Capital gains	
	Principle	Option	Principle	Option
Income tax	PFU: 12.8%	Income tax sliding scale ⁴ Special cases: • Dividends: allowance of 40%	P.F.U. : 12.8% Special cases: • PFU Retiring director: 12.8% with an allowance of €500,000	Income tax sliding scale ⁴ Special cases: • Assignment profits for securities acquired before 1 January 2018 ⁵ • Assignment profits for securities acquired after 1 January 2018 ⁶
Social security contributions	17.2%	17.2% with deductibility of the C.S.G. (6.8%) paid in Y-1	17.2%	17.2% with deductibility of the C.S.G. (6.8%) paid in Y-1
Total	30%	Variable depending on the type of income and the actual taxation rate	30%	Variable depending on the type of income and the actual taxation rate

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Sliding scale for income tax for individuals - 2022

Fraction of taxable income (for one share)	Tax rate to be applied to the corresponding tranche
Up to €10 225	0%
From €10 226 to €26 070	11%
From €26 071 to €74 545	30%
From €74 546 to €160 336	41%
Upwards of €160 337	45%

Exceptional tax on high incomes³

Reference tax income	Individual taxation	Joint taxation
Between €250,000 and 500,000	3%	-
Between €500,000 and 1,000,000	4%	3%
Upwards of €1,000,000	4%	4%

Real Estate Wealth Tax (IFI)

Tax threshold: net taxable assets¹ greater than €1,300,000.

The IFI is calculated according to the following sliding scale:

Net value of taxable assets	Rate
≤ 800,000€	0%
> 800,000€ and ≤ 1,300,000€	0.50%
> 1,300,000€ and ≤ 2,570,000€	0.70%
> 2,570,000€ and ≤ 5,000,000€	1.00%
> 5,000,000€ and ≤ 10,000,000€	1.25%
> 10,000,000€	1.50%

Scale of usufruct and bare property

Lifelong usufruct

Age of usufructuary	Value of the usufruct	Value of the bare ownership
Less than 21 years old	90%	10%
Between 21 and 30 years old	80%	20%
Between 31 and 40 years old	70%	30%
Between 41 and 50 years old	60%	40%
Between 51 and 60 years old	50%	50%
Between 61 and 70 years old	40%	60%
Between 71 and 80 years old	30%	70%
Between 81 and 90 years old	20%	80%
Over 90 years old	10%	90%

Temporary usufruct (fixed-term)

23% of the value of full ownership by 10-year tranche (without being able to exceed the value of the life annuity usufruct).

¹ The representative value of real estate property or rights held within a life assurance policy or capital redemption bond should be taken into account.

² Deduction of C.S.G. at 6.8% if option for income tax.

³ «Contributions exceptionnelle sur les hauts revenus» is added to the income tax

⁴ Global option which applies to all the year's financial income

⁵ - General regime: common law allowance for holding period of 50% (securities held for at least two years and less than eight years) or 65% (securities held for at least eight years)
- Retiring director: fixed allowance of €500,000 for holding period (cannot be accumulated with the fixed allowance)

⁶ - General regime: no allowance for holding period.
- Retiring director: fixed allowance of €500,000

Life assurance and capital redemption bond - Surrenders

Details of the two taxation phases (in Y and Y+1)

Term of policy	Premiums paid before 27/09/2017		Premiums paid after 27/09/2017		
	Y	Y+1	Y	Y+1	
< 4 years	On option: P.F.L. of 35%	In absence of option for P.F.L., income tax sliding scale	PFNL of 12.8% ¹	Lump sum rate of 12.8% or, on global option, income tax sliding scale	
Between 4 and 8 years	On option: P.F.L. of 15%				
> 8 years	On option: P.F.L. of 7.5%	In absence of option for P.F.L., income tax sliding scale ²	PFNL of 7.5% ¹	Outstanding amount < €150K: lump sum rate of 7.5% or, on global option, income tax sliding scale ³	Outstanding amount > €150K: lump sum rate of 7.5% on a part of the income and 12.8% on the surplus, or, on global option, income tax sliding scale ³

Social security contributions: 17.2% (rate applicable on 1 January 2022) on the interest portion

Premiums paid until 25/09/97 (over 8 years): exemption

- Since 20/12/2019, only the capital gains after the transfer, free of charge, of a capital redemption bond is taxable upon surrender.
- Policies taken out with organisations based outside France and operations carried out on the latter must be reported by French tax residents when filing their annual income tax return.

Life assurance - Death

Premium payment date	Policy taken out before 20/11/91		Policy taken out after 20/11/91	
	Age of the life assured on payment of premiums			
	Less than 70 years old	Over 70 years old	Less than 70 years old	Over 70 years old
Before 13/10/1998	Exempt	Exempt	Exempt	Premiums subject to inheritance tax after an allowance common to the non-exempt beneficiaries of €30,500
After 13/10/98	Exemption up to €152,500 for each beneficiary then taxation of the sums received at the rate of 20% up to €700,000 and 31.25% above this figure			

Social security contributions on termination of the policy (death of the life assured)

Social security contributions depending on the tax residence of the policyholder (applicable to the interest)	
French tax resident on taking out policy and at the time of death	Social security contributions
French tax resident on taking out policy, foreign tax resident at the time of death	Exempt
Foreign tax resident on taking out policy, French tax resident at the time of death	Social security contributions
Foreign tax resident on taking out policy and at the time of death	Exempt

Transfer rights free of charge

In direct line and between spouses and civil partners

Fraction of net taxable share	Direct line		Between spouses and civil partners	
	Applicable rate	To be allocated	Applicable rate	To be allocated
Up to € 8,072	5%	€ 0	5%	0€
Between €8,072 and €12,109	10%	€ 404		
Between €12,109 and €15,932	15%	€ 1,009		
Between €15,932 and €552,324	20%	€ 1,806		
Between €8,072 and €15,932			10%	€ 404
Between €15,932 and €31,865			15%	€ 1,200
Between €31,865 and €552,324			20%	€ 2,793
Between €552,324 and €902,838	30%	€ 57,038	30%	€ 58,026
Between €902,838 and €1,805,677	40%	€ 147,322	40%	€ 148,310
Over €1,805,677	45%	€ 237,606	45%	€ 238,594

Between brothers and sisters

Net value of taxable assets	Applicable rate	To be allocated
Up to €24,430	35%	€0
Over €24,430	45%	€2,443

In a collateral line and between non-relatives

Heirs	Applicable rate
Between relatives up to the 4 th degree	55%
Between relatives beyond the 4 th degree and between unrelated persons	60%

Allowances

Transfer	Gift	Inheritance
In direct line	€100,000	
Between brothers and sisters	€15,932	
Between nephews and nieces	€7,967	
Between spouses or civil partners	€80,724	Exempt
To the grandchildren	€31,865	€1,594
To the great grandchildren	€5,310	€1,594
Allowance by default	None	€1,594
To a disabled person (can be accumulated with any other allowance)	€159,325	

Brothers and sisters: Exemption subject to conditions - be aged over 50 or have a handicap preventing providing for their needs, having shared the domicile of the deceased for at least the 5 years preceding death, being single, a widow(er), divorced or separated

Partners (civil partners): Will to be prepared

Family gift of sums of money

Manual or certified gift benefitting from an exemption within the limit of €31,865 (renewable every 15 years) subject to compliance with the following conditions:

- The gift relates to a fully-owned sum of money
- **Donor:** less than 80 years old
- **Donee:** 18 years old or more (or emancipated) and being a child, grandchild or great grandchild (or, failing such descentance, a nephew or a niece, or, by representation, a great nephew or great niece)

¹ Chargeable to income tax for the year Y. Below a certain threshold of «revenu fiscal de référence», an exemption from the PFNL is also available.

² Allowance of €4,600 or €9,200 - in the form of tax credit if option for PFL

³ Allowance of €4,600 or €9,200 - to be applied first to the fraction taxable at 7.5%

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